

SCHOOL REPORTING CONTACT NEWSLETTER

Summer 2007

Thank you to everyone who attended the 2007 Employer Workshops. It was nice to meet all of you. The feedback received was very positive. Your comments, suggestions, and questions are important in our efforts to keep the reporting process running smoothly. Please continue to let us know if there are any suggestions of improvement or concern. We are always open to ideas for future presentations.

At the workshops this June, we handed out new forms and handouts for your employer reporting. Please be sure you are using the newest version of our forms. These can also be downloaded from our website. If you would like to receive an additional copy of the employer manual, please call, write, or email our office with that request.

NEW RATE!

Effective September 1, 2007, the employee contribution rate will change. Beginning with your September 1, 2007 through September 30, 2007 Wage & Contribution report, contributions must be withheld, remitted, and reported at the new rate of **7.28%** for all retirement plan eligible employees. The employer match continues to be **101%** of member contributions. Please consider your pay cycles so the correct rate is deducted for the September 2007 report. The report will not post if the rate is not correct.

If you use the decimal method of calculating **employer contributions**, the new employer rate is **7.3528%**.

7% EXEMPTION REPORTING

As we get ready for the 7% exemption reports due September 28, 2007, here are a few points to keep in mind:

- Please watch for the file and instructions we will email at the end of July. If we don't have your email address, you will be receiving a paper copy.
- Open the file with **Note Pad**. Do not change the type of file or the file name. Also do not enter any extra characters; enter only the exemption code in the space provided.
- **If no exemption is reported** for an employee whose wages increased more than 7%, then wages will be capped when calculating a retirement benefit.
- For those using a Mac computer, please call our office if you experience any problems. We will send out forms for submitting a paper report.
- Please keep in mind that lump sum payments may cause an employee to be on your 7% Exemption list even if they did not have more than a 7% increase in wages. For example, if an employee is paid in June for the months of June, July, and August it will increase that year's wages. This lump sum could be enough to show more than a 7% increase in wages compared to the previous year. If this is the only reason an employee is on your 7% Exemption list, please report "Z" for no exemption. In addition, we will need a letter or e-mail stating that the employee did not have more than a 7% increase in wages; it only appears that way due to a lump sum payment in June 2007.
- Many of you requested clarification on when to use each exemption:
 - Exemption **A** - this exemption code would be used if there was a substantial increase in wages due to duties performed, a substantial increase in number of days or hours worked from one fiscal year to the next, or a position change.
 - Exemption **B** - this exemption code would be used if there was a substantial increase in wages due to a collective-bargaining agreement. This code would also be used if all employees within a category of employee received the same increase. (Category of employee is defined as: all certified employees and administration, or all non-certified employees.) *****Some schools received information that**

movement on the salary schedule, due to years of service and additional education, was not a valid exemption. However, we have received a new determination on the interpretation of Exemption B. Movement on the salary schedule, as stated in the collective bargaining agreement, would be reported as Exemption B.***

- Exemption **C** – this exemption code would be used if there was a substantial increase in wages due to a district wide permanent benefit change for a category of employee.
- Exemption **Z** – this exemption code would be used if there is no valid exemption to report.

- **Some schools have asked about the possibility of doing adjustments or not reporting compensation over the 7% limit when there is no exemption to report.** If the wages are truly reportable according to the definition of compensation for retirement purposes, then the point to keep in mind is that the wages will not actually be capped unless the person is *within five years* of retirement. Nebraska State Statute reads:

*§79-902 (35)(e)(i) In the determination of compensation for members on or after July 1, 2005, that part of a member's compensation for the plan year which exceeds the member's compensation with the same employer for the preceding plan year by more than seven percent of the compensation base **during the sixty months preceding the member's retirement shall be excluded** unless (A) the member experienced a substantial change in employment position, (B) as verified by the school board, the excess compensation above seven percent occurred as the result of a collective-bargaining agreement between the employer and a recognized collective-bargaining unit or category of school employee, and the percentage increase in compensation above seven percent shall not be excluded for employees outside of a collective-bargaining unit or within the same category of school employee, or (C) the excess compensation occurred as the result of a district wide permanent benefit change made by the employer for a category of school employee in accordance with subdivision (35) (a) (iv) of this section.*

Adjustments or exclusion of non-exempt compensation above 7% can only be made within five years of retirement. If adjustments are made to remove that compensation or the compensation above 7% is excluded from reporting, and the person does not retire within the next five years, you will have under reported compensation. This will be considered an audit point requiring make-up contributions.

****All adjustments received or exclusion of non-exempt compensation over 7% must include a "letter of intent to retire" signed by the employee.****

RECORDKEEPING FOR CLOSED OR MERGED SCHOOLS

Maintaining records for closed or merged schools is a very important issue. When a school closes, or is merged with another school, it is the responsibility of the receiving school to maintain the employees' records. This is required through Statute § 79-485. This information is vital when determining years of service and when calculating future retirement benefits. Please keep these records available.

CONTACT INFORMATION FOR ONLINE ACCOUNTS

Please be sure to review the contact information for your school's online account. This information can be reviewed by logging onto the website and choosing the link "Change Web Profile." It is very important that the contact name and e-mail address are current in order to receive important e-mails and notifications regarding your reporting. The person who is listed as the online contact must also be listed on the Employer Contact form on file with our office. This form can be found in the back of your Manual for Employer Contacts or downloaded from our website, **www.npers.ne.gov**. If you are not sure who is listed on your current Employer Contact form, call our office and we will give you that information.

NEW EMPLOYER REPORTING CONTACTS

When there is a change in the Employer Contact with your school, please be sure to contact our office and talk to Jason or Missy. To provide support and guidance in the reporting process, we feel it is important to work closely with new Employer Contacts to answer any questions and help in your transition. You should also download a new Employer Contact form on our website, fill out your new information, and send in to our office by mail.

CONFIRMING YOUR REPORT

When confirming your report online, you must be sure to **complete** the confirmation process. When you choose the option "Confirm," you will be taken to a screen that is titled "Confirm Report Totals." Some schools have seen the word "Confirm" and have stopped at this point. Please be aware that the confirmation process is not complete, and the report is not considered received, until you have clicked on the button **"CONFIRM This Report"** at the bottom of the

page. You will know you completed the process when you get to a screen titled "Report Confirmed." Please see your manual for Employer Contacts on pages 3-44 through 3-47 for specific screen shots.

COACHING

If it is not possible to track exact hours worked, then the school and the employee need to agree on a "fair" number of hours to report. The key point to remember is be consistent in reporting extra hours with extra wages.

Also, please remember to report the hours with the wages. For example, if coaching wages are paid over 12 months, then the hours should also be reported over 12 months.

ELIGIBILITY

If an employee is working at more than one school, their hours at both should be combined to determine eligibility. For example, if you have a permanent part-time employee who works 10 hours per week at your school and 10 hours per week at another school, it is a combined total of 20 hours per week and both schools must withhold and report retirement contributions.

MISCELLANEOUS

- **Contract Payouts/Lump Sums** – Please keep us informed of the breakdown of lump sum payouts for departing employees. NOTE: Retiree benefits begin based on the employee's effective date and will not be paid any sooner because the final pay is lump sum.
- **Forms** – All forms can be downloaded from our website at **www.npers.ne.gov**.
- **Sick and Vacation Hours** - Used leave hours are to be reported with the salary. Unused sick and vacation pay should not be reported as retirement compensation. However, if the unused portion of vacation is used as an employee's "notice period" when leaving your employment, you would report it as retirement compensation and the employee's termination date would be the last date of the vacation leave. Please keep in mind that when processing retirement benefits, this could affect the employee's retirement effective date.
- **Internet** – When accessing the NPERS website be sure to use **Internet Explorer**. Other web browsers do not always work well with our site.
- **Addresses** – Please report updated member addresses as you receive them. Be sure to handle **new employees** as if they have had an address change.

NOTE: Enclosed are the GASB 27 cover letter and sample disclosure. These are for your use and do not need to be returned to NPERS.

Contact Us

1-800-245-5712

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